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Farm and Foreign Agricultural Services

Farm Service Agency

Farm Service Agency's mission is to ensure the well-being of American agriculture and the American public through efficient and equitable administration of farm commodity, farm loan, conservation, environmental, emergency assistance, and international food assistance programs.

Key Accomplishments for FY 1999

Farm Crisis. In 1999, the fall in commodity prices combined with disastrous weather created a huge increase in Farm Service Agency program participation, as well as demand for emergency support.

- Administered nearly \$18 billion in direct payments and Federal Crop Insurance Indemnities to farmers in 1999, an amount exceeded only once in the last 14 years.
- Delivered \$3.7 billion in Loan Deficiency Payment (LDP) and Marketing Loan Gains, a twentyfold increase over 1997.
- Provided over \$3.9 billion in credit (37,590 loans), an increase of 77 percent over last year, and a 15-year high.
- Increased emergency lending to \$329 million (3,970 farmers), the highest level since 1985.
- Provided 21,900 direct loans, (\$1.4 billion) and 15,690 guaranteed loans (\$2.5 billion).

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Cattle and Calves:

TEXAS
NEBRASKA
KANSAS
COLORADO
OKLAHOMA



Secretary Dan Glickman, Senator Robert Byrd (second from left), WV, and Senator Jay Rockefeller (far right), WV, tour a West Virginia farm. West Virginia was the first of many States on the East Coast to be declared a Secretarial Disaster Area and eligible for emergency farm loans and other assistance because of the drought of 1999.

- A program for at-risk high school students, jointly funded by FSA and Alcorn State University, recently concluded in Mississippi. FSA provided \$40,000 which reached 125 rural students from Mound Bayou, MS. The program exposed the minority students to a wide range of agricultural and business experiences.
- In April 1999, "Jump Teams" from Ohio were assembled to help out in Texas FSA offices. In days, volunteers were in Texas processing thousands of Crop Loss Disaster Assistance Program applications so payments could be made to needy farmers.
- To help speed up loan funds to California farmers affected by devastated weather last year, FSA deployed Farm Loan Action Teams to county offices in California.
- The USDA Field Gleaning and Food Recovery Team received the Vice President's Hammer Award. FSA worked with other Federal agencies and nonprofit organizations to pioneer an innovative and cost-effective way to recover over 4 million pounds of food and help give millions of meals to hungry Americans.
- A program was recently developed to help Hmong Cambodian and Latino immigrants employ their agricultural talents and desires. Called the New Entry Sustainable Farming Project, this program helps these aspiring farmers achieve their dreams of success in their new homeland.
- In April, 85 Puerto Rican limited-resource farmers graduated from the FSA Small Farmer Outreach Training and Technical Assistance Program, a partnership with the University of Puerto Rico. The intensive training program was designed to assist underserved limited-resource farmers by teaching management and financial analysis skills, and by improving access to all FSA and USDA programs and services.

- Issued over \$2 billion in Crop Loss Disaster Assistance Program payments, the largest crop loss disaster program ever administered by USDA.
- Processed over 2.6 million in loan program transactions (including price support and loan programs) for the 1998 crop year, an eightfold increase over 1997.
- Administered the Small Hog Operation program, which made available over \$116 million to producers suffering historic low prices.
- Administered \$198 million in payments to roughly 168,000 livestock producers under the newly created Livestock Assistance Program.
- Paid almost \$200 million to dairy producers, following the steepest decline in wholesale prices in history.
- Provided about \$50 million in Noninsured Assistance Program payments.
- Issued \$1.3 billion in Conservation Reserve Program payments.

Existing Authorities. Since it began, the President's Humanitarian Assistance Initiative has removed nearly 5 million metric tons of surplus wheat, valued at approximately \$600 million, from domestic markets which have been used to provide aid to needy countries. Total Commodity Credit Corporation (CCC) food aid shipments grew from 2.3 million metric tons for FY 1998 to a record 8 million metric tons in FY 1999. Including commodities procured in FY 1999 for programs of the U.S. Agency for International Development, total food aid shipments are expected to reach nearly 10 million metric tons by December.

Drought of 1999. FSA was busy in 1999 providing relief to East Coast farmers hit by the worst drought on record. Virtually the entire East Coast was declared a disaster by Secretary Dan Glickman. A succession of "drought tours" were held to bring attention to the plight of suffering farmers.

Reaching out to Underserved Customers. Between 1995 and 1999, FSA increased its lending to Native Americans by 175 percent, making 544 direct loans last year (up from 308 in 1995), totaling over \$29 million (up from \$11 million in 1995), a 265-percent increase in direct lending. FSA increased overall socially disadvantaged lending by 44 percent last year, from \$186,704,000 in 1998 to \$269,284,000 in 1999.

Foreign Agricultural Service

The mission of USDA's Foreign Agricultural Service (FAS) is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security.

FAS represents the diverse interests of U.S. farmers and the food and agricultural sector abroad. It collects, analyzes, and disseminates information about

USDA and the Office of the U.S. Trade Representative (USTR) held 11 public listening sessions to solicit public comments on agricultural trade priorities for the New Round of WTO negotiations in Seattle. The sessions gave USDA and USTR officials a chance to outline general approaches for the next round, to listen to the public, and to share ideas about critical trade issues, such as market access, export subsidies, tariff reductions, internal support, state trading enterprises, labor and environmental issues, and trade concerns relating to products from new technologies.

Did You Know?

In FY 1998, U.S. agricultural exports totaled \$53.6 billion, creating an estimated 815,000 full-time jobs.

global supply and demand, trade trends, and emerging market opportunities; implements programs designed to build new markets and maintain the competitive position of U.S. products in the global marketplace; works to resolve trade issues; and carries out food aid and market-related technical assistance programs. FAS helps USDA and other Federal agencies, U.S. universities, and others enhance the global competitiveness of U.S. agriculture and helps increase income and food availability in developing nations by mobilizing expertise for agriculturally led economic growth. During FY 1999, these programs helped U.S. exporters of agricultural, fish, and forest products register sales totaling \$57.5 billion; agricultural products accounted for \$49 billion of that amount.

Key Accomplishments for FY 1999

Record Food Aid Effort. The United States shipped almost 8 million metric tons of U.S. commodities to close to 50 countries under FY 1999 food aid programs, almost five times last year's 1.6 million, and the largest tonnage in recent years. (Programs under which food aid is provided are Title I of Public Law 83-480, the Food for Progress Program, and Section 416(b) of the Agricultural Act of 1949.) This includes significant food relief for Kosovar refugees and hurricane victims in Central America and the Caribbean; USDA's first agreement providing food aid to North Korea; and the first USDA food aid shipments to Vietnam since before the Vietnam War. Major recipients of USDA food aid in FY 1999 included Russia, Bangladesh, Indonesia, North Korea, Jordan, Sudan, Ethiopia, Ecuador, Nicaragua, Honduras, El Salvador, Guatemala, the Dominican Republic, the Balkans region, Armenia, Georgia, and Tajikistan.

Trade Policy Accomplishments. In April, the United States and China signed the Agreement on U.S.-China Agricultural Cooperation, an unprecedented step in U.S.-China agricultural trade relations. With this agreement, China removes its longstanding bans on imports of U.S. wheat, citrus, meat, and poultry. The agreement also calls for China's commitment to the application of sound science in trade issues, a key principle of the World Trade Organization (WTO) Sanitary and Phytosanitary Agreement. Removal of China's phytosanitary restrictions alone should translate into a direct increase in exports of these commodities. Once this agreement is fully implemented, it is estimated that annual U.S. agricultural exports will increase by almost \$900 million.

FAS continued to monitor foreign countries' compliance with Uruguay Round Agreement commitments during FY 1999. At quarterly meetings of the WTO Committee on Agriculture, FAS analysts reviewed and raised questions on over 250 issues. The value of trade addressed through U.S. vigilance of members' commitments is over \$500 million. This was achieved through questioning grain purchasing policies that appeared to violate export subsidy commitments; challenging the discriminatory issuance of import licenses for



dairy products, pork, and poultry; questioning the execution of a preferential trade arrangement that harmed U.S. apple exports; and questioning the incidence of low imports for a range of commodities under the tariff rate quota. As a result of these efforts, several members halted or modified WTO-inconsistent practices.

FAS offices continued to support U.S. exporters in overseas markets. For example, FAS' New Delhi office secured and disseminated information on India's phytosanitary requirements for corn imports, facilitating the first-ever commercial sales of U.S. corn to India of 85,000 tons, valued at \$8.5 million. Exports of corn to this new market are expected to rise next year.



Senator Herb Kohl, WI, Ranking Member, Senate Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies.

Exporter Assistance. FAS administers export credit programs designed to develop overseas markets and expand U.S. agricultural exports by allowing exporters to compete with sales terms offered by foreign competitors. In FY 1999, these programs provided credit guarantees that facilitated sales of about \$3.0 billion of U.S. agricultural exports.

International Research Efforts. FAS also promotes mutually beneficial biotechnology research on crops important to both U.S. agriculture and global food security through international scientific research exchanges and programs. USDA and its international partners are using biotechnology to develop livestock vaccines, which may have important implications for human medical research.

By providing technical scientific workshops, FAS successfully negotiated a protocol with China that allowed U.S. genetic exporters greater access to China's genetic market. USDA is also promoting seminars and visits to educate international regulators, officials, and media on the U.S. regulatory system for genetically modified organisms.

World Food Security. The United States continued its strong commitment to the World Food Summit goal of reducing the number of undernourished people by half by the year 2015. USDA, along with the Department of State and USAID, launched the U.S. action plan, which outlines U.S. proposals to reduce hunger both in the United States and around the world.

Streamlining Program Operations. In administering USDA's Foreign Market Development Cooperator Program and Market Access Program, FAS completed development of the Unified Export Strategy (UES), which allows applicants to consolidate applications for funding and assistance into a single submission for these and other FAS market development assistance programs. The UES also encourages program applicants to adopt a more coordinated approach to their marketing strategy by facilitating a more effective use of FAS' market development programs. Savings include a substantial reduction in U.S. Government administrative costs and a reduction in govern-

Risk Training Helps Latinos Transition from Employee to Employer

The Rural Development Center (RDC), a project of the Association for Community-Based Education in Salinas, California, has been helping Latino farm workers become self-supporting farmers since 1984—following the donation of 112 acres of land to the Association for Community-Based Education. The Center's Small Farm Education project has a 6-month classroom training program that is open to the whole family. RMA has a big stake in the success of this program and the outreach activities of the Center. Bill Murphy, Director of the Sacramento Regional Office, said, "The risk management training we provide, in Spanish, helps participants improve their decision-making skills."

Participants get a chance to practice their new skills before they farm on their own. Through a 3-year apprenticeship relationship with the Center, participants rent a half acre the first year and progress to five acres the last year.

Families have a financial as well as educational investment in their success. Through the Center they are able to obtain a line of credit and get technical assistance. The first year they pay \$150 per acre for rent, and as they take on more land and become more adept with cultivating their crops, the rent rises to \$350 per acre per year, still at a rate less than half of what is available commercially. The goal is to train the farmers to manage their farms as businesses.

Luis Sierra, Marketing Education Program Coordinator for the Center, is enthusiastic about the RMA contribution to the success of the program. "The RMA trainers incorporate risk management education into a small-farm production and management curriculum. Because marketing and managing risk are as important as growing a crop, the training is critical to our farmers' prospects for success."

The Center offers evening workshops and weekend classes in Spanish. Sierra continues, "We have 34 families participating in the program now, and have averaged 10 graduates a year since its inception."

ment and private sector labor of over 100,000 hours. For this effort, FAS received Vice President Gore's Hammer Award.

Risk Management Agency

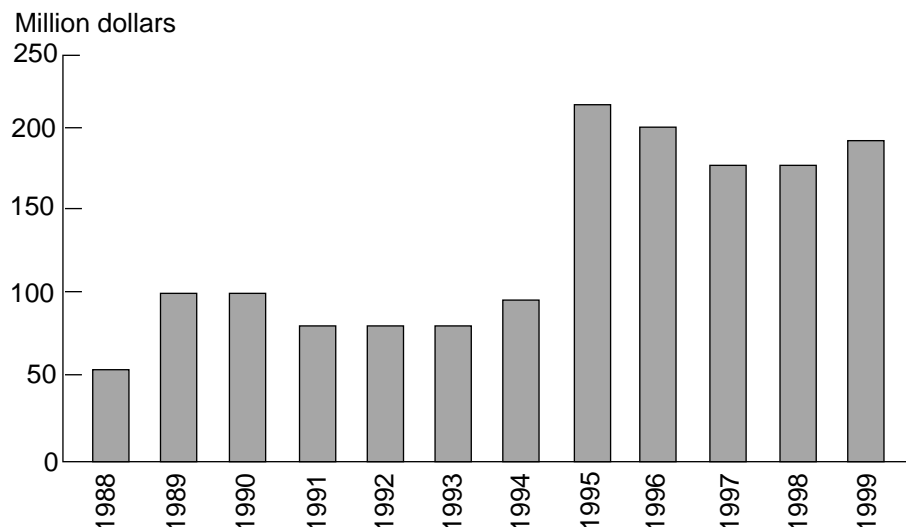
The Risk Management Agency (RMA) will provide and support cost-effective means of managing risk to improve the economic stability of agriculture.

Key Accomplishments for FY 1999

In February 1999, Secretary Glickman and RMA proposed a number of measures to improve crop insurance, including (1) raising the coverage floor for catastrophic risk protection coverage, (2) making higher level coverage more affordable by increasing premium policies, (3) covering multiyear disasters, (4) speeding up the development of new policies, (5) insuring certain livestock losses, (6) improving the Noninsured Crop Disaster Assistance Program by increasing coverage and replacing the area trigger with a Secretarial or Presidential disaster designation, and (7) providing better information and service to producers.

So that more producers can benefit from crop insurance protection, in 1999, RMA implemented pilot programs for adjusted gross revenue insurance, and crops including avocado, cabbage, cherries, mustard, wild rice, and winter squash, among others. RMA expanded 29 current programs into an additional 574 counties, for a national total of 35,423 programs in 2,983 counties. RMA began a gleaning program, lowered cotton rates for many southern producers, improved its nursery and citrus programs, and boosted program integrity. For the 2000 crop year, RMA approved pilot programs for

U.S. total net insured acres, 1988-99

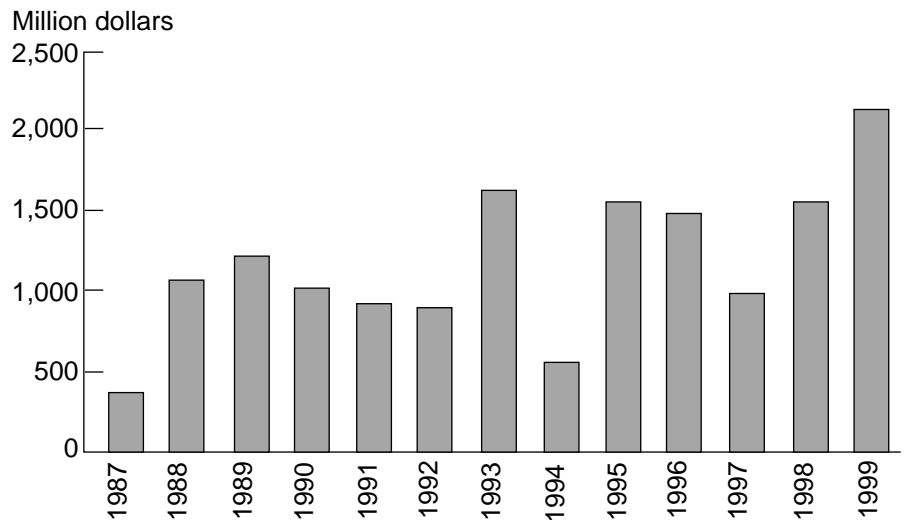


cultivated clams, chili peppers, cucumbers, mint, snap beans, and strawberries, and expanded other existing pilots. RMA also developed a coverage enhancement option for multi-peril crop insurance and stage removal insurance for onions for the 2000 crop year.

Response to Farm Crises. RMA responded to the urgent needs of farmers affected by declining commodity prices and the catastrophic effects of several years of disastrous weather, including those resulting from Hurricane Floyd. Following Hurricane Floyd, RMA promptly instituted special emergency loss determination procedures to expedite loss adjustments and speed indemnity payments to producers who were devastated by the flooding in eastern North Carolina, South Carolina, and Virginia.

The 1999 Appropriations Act authorized the agency to offer producers an estimated 30 percent premium discount for new or increased crop insurance coverage. As a result, more than 91,000 producers increased their coverage levels and approximately 43,000 purchased new policies for the first time at coverages above the minimum level. Secretary Glickman has announced an estimated 25 percent premium reduction for the 2000 crop year.

Increase in loss payments to farmers, 1987-99



Risk Management Education. RMA—in partnership with the Cooperative State Research, Education, and Extension Service (CSREES) and private-sector education partners—proceeded to Stage Three of the Risk Management Education (RME) initiative.

Dairy Options Pilot Program. RMA's Dairy Options Pilot Program (DOPP) provided dairy farmers in selected pilot areas with hands-on opportunities to use options markets for price risk management.